

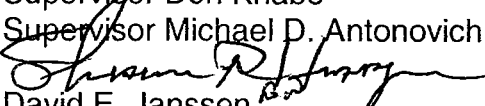


County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

July 27, 2005

To: Supervisor Gloria Molina, Chair  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich  
From:   
David E. Janssen  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**SACRAMENTO UPDATE**

**Legislative Analyst Releases "Major Features of the 2005 California Budget"**

The Legislative Analyst's Office (LAO) released its analysis of the FY 2005-06 State Budget, yesterday. The budget package authorizes total spending of \$113 billion, of \$90 billion from the General Fund and \$23 billion from special funds, with a comprised reserve of \$1.3 billion. According to the LAO, the budget reflects an improving fiscal picture brought about by better-than-expected growth in General Fund revenues. General Fund expenditures are projected to grow from \$81.7 billion in FY 2004-05 to \$90 billion in FY 2005-06, an increase of over 10 percent. This increase is attributed, in part, to full funding of Proposition 42 through a \$1.3 billion transfer of gasoline sales tax revenue from the General Fund to the Transportation Improvement Fund for transportation projects, and prepayment of \$1.2 billion for the Vehicle License Fee Gap Loan owed to local governments in FY 2006-07.

The LAO projects that based on current-law expenditures, the estimated budget shortfall in FY 2006-07 will be about \$6.1 billion, without taking into consideration an \$880 million transfer to the Budget Stabilization Account as required by Proposition 58. If the FY 2005-06 \$1.3 billion reserve is applied to the estimated \$6.1 billion deficit, the FY 2006-07 budget shortfall would be reduced to an estimated \$4.8 billion. The LAO will be updating its FY 2006-07 fiscal projections in November.

A copy of the LAO's analysis is available at: [www.lao.ca.gov](http://www.lao.ca.gov).

**Pursuit of County Position on Legislation**

**AB 327 (De La Torre)**, as amended on June 22, 2005, would establish a new voluntary \$50 fee for the issuance or renewal of a physician and surgeon's license certificate. The purpose of the fee would be to fund the Steven M. Thompson Physician Corps Loan Repayment Program which provides financial incentives to a physician to practice in a medically underserved community for a minimum of three years. Under existing law, the Thompson Program awards up to \$105,000 to newly licensed physicians for repayment of their student loans.

A recent Senate Health Committee Analysis indicated that health care need in rural and economically disadvantaged urban communities is growing as a result of a lack of health care providers and closures of medical practices, particularly in communities that face cultural and linguistic challenges. The Medical Board of California (MBC), sponsor of AB 327, reports that there has not been enough money to award all qualified Thompson Program applicants. In 2004, only 19 out of 69 qualified applicants received an award. The MBC has recently secured a \$500,000 challenge grant for awards to be made in 2005. AB 327 will help the MBC to match this grant and augment funding for the Thompson Program in future years.

The Department of Health Services (DHS) recommends that the County support AB 327 because it would establish a means to provide additional funding for the Thompson Program thereby increasing the number of physicians available to work in medically underserved area health facilities, including DHS hospitals and clinics, and we concur. Consistent with Board policy to support recruitment and retention of nurses and physicians in medically underserved areas, **our Sacramento Advocates will support AB 327.**

AB 327 is sponsored by the Medical Board of California and supported by Kaiser Permanente, the Association of Regional Center Agencies, and the California Medical Association. There is no registered opposition to the bill.

The bill passed the Senate Health Committee on June 30, 2005 by a vote of 7 to 4, and is scheduled for hearing in the Senate Appropriations Committee on August 15, 2005.

We will continue to keep you advised.

DEJ:GK

MAL:JF:MS:MR:ib

c: Executive Officer, Board of Supervisors  
County Counsel  
Local 660  
All Department Heads  
Legislative Strategist  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations